

RAILROAD

THE PLUMB



DEMOCRACY

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The Press and the Plumb Plan

THE country was not prepared. Congress was debating the League of Nations with utter disregard of the forces gathering in America. Then came the visit to the White House of the brotherhood chiefs, and the candid and dumbfounding assertions that the depreciation in the value of money had brought America to the point of imponderable decisions.

The introduction of the Sims bill, coming in conjunction with the strike of railroad shop men, gave the press the opportunity to express its amazement by reproaches. Statements of labor leaders as

to what action they would take if their men did not receive immediate wage relief were manifestly misconstrued to be threats of what would take place if the Sims bill were not adopted.

One sentence from the first joint statement of the railroad union leaders, that the men were "in no mood to brook the return of the railroads" to their former control was quoted editorially in almost all cases without its explanation: "because all the plans so far proposed ... leave labor where it has stood and where it is determined not to stand."

THE TRIPLE ALLIANCE



The New York newspapers, from the beginning, condemned the Plumb Plan, without comprehending its provisions. *The Tribune*, after a cautious and almost courteous friendliness to the plan, the following day repudiated this genial faith in labor, and derided the sincerity of the brotherhood chiefs, and pretended to see politics and bargaining, and no conviction in the support of the Sims bill.

The *Philadelphia Public Ledger* said:

"It sounds compellingly facetious to read that 'the employes of the railways must increase the efficiency of their management' under government operation. It sounds like a good joke to read that labor asks 'for a share of the surplus at the end of each year.' We think of that \$486,000,000 deficit which must come out of our pockets and of the wretched service, the barn-like cars, the maddening pinhead regulations, the increased charges and all the other features of government operation; and we can hardly credit the seriousness of such statements.

"Yet they are serious. And the whole situation is serious. It is not enough to tell the railway brotherhoods that their rose-tinted talk about the blessings of government operation is a couple of tragic, eye-opening years out of date.

"The truth is that America has just arrived at her junction with the appalling post-war problem of the whole world. Here, as everywhere, there is a disastrous head-on collision between the spirit of increased spending caused by augmented war rates and war wages and the absolute necessity of saving every penny possible to meet our war debts.

"The President and Congress must face the situation. If the President finds a familiar idealism in the soaring demands of the railway brotherhoods which fits but illy into the stern and material requirements of these grimly realistic times, he knows who taught America to employ the language of the Millennium while anarchic Armageddon still savagely shook the foundations of civilization. We must have strong, courageous, constructive measures. We must not let it be said that we conscripted men, seized goods, fixed prices, took over vast utilities, to help save civilization in Europe; but that we faltered before the obvious duty to do some of these same things to save civilization at home."

This note of profound realization of the meaning of the hour is also sounded by another Philadelphia newspaper, *The North American*:

"Nothing is of more importance at this time, in our judgment, than that the Amer-

ican people should understand the full significance of this revolutionary undertaking, and the strength of the influences behind it. We invite our readers, therefore, to contemplate certain sobering facts.

"This is not hastily devised, haphazard experiment. It is a carefully considered and deliberate movement, with a well-defined objective. And it is backed by an organized, disciplined, class-conscious army of 5,500,000 determined adherents, who are animated by the powerful motive of self-interest. These represent but a small percentage of the population; yet they equal in numbers the military forces created by the United States in the world war, and constitute incomparably the largest organized group in the nation.

"Active leadership in this movement rests now with the four great unions of railroad workers—the Brotherhoods of Locomotive Engineers, Railway Trainmen, Locomotive Firemen and Enginemen and Railway Conductors, together with a union of other railway employes. These are the most highly organized bodies of workers in the world, and comprise the most intelligent membership. They are, of all our workers, the most purely American in blood and tradition. Behind them are the hosts of the American Federation of Labor.

"Until recently the railroad brotherhoods have been regarded as the most conservative, patriotic and broad-minded of all the unions; because of this repute they have had universal public respect, which survived even their audacious and undisguised hold-up of the Government and the nation three years ago. They have a campaign fund of millions, set aside for this supreme effort. Their leaders are concededly the ablest that labor unionism has been able to produce.

"Their preparations for the struggle have been painstaking and efficient. They have chosen their own battleground and selected their own time for the conflict. The occasion has for them many favorable elements. They begin their attack when the nation is feeling tremors of unrest and apprehension over the high cost of living; when uncertainty prevails because of the pressure of complex problems of readjustment and reconstruction, when there is in Washington an administration which lacks any policy or program and which possesses the confidence of neither Congress nor the public. The movement is projected at a time when the President's chief concern is to obtain support for the League of Nations covenant, which he is inclined to seek from the labor elements in the country. Moreover, the attack is timed so that the controversy must inevitably extend over into next year's presidential contest, when both political parties will be bidding for the unionist vote.

"Support of the brotherhoods by the American Federation of Labor means much. That organization not only stood inflexibly for the national cause during the war, but it has been implacably against all manifestations of Bolshevism and has been the strongest bulwark in the country against the inroads of Socialism. Now the federation indorses a purely Socialistic plan in respect to the greatest single industry in the nation, that of railroad transportation. In this there is a closing of ranks with the Socialists. The sharply defined class issue will go far to create sympathy among the Bolshevik groups. The federation's move will tend to unify all the labor forces, from the highly skilled and conservative brotherhoods to the miscellaneous and destructive radicals of the I. W. W. elements.

"The case of the railroads suffers from the fact that the people to a great degree have lost faith in them, have come to believe that they are run, not in the interest of the public, but in the interest of Wall Street and the investment bankers. Furthermore, there is widespread belief that railroad capitalization is heavily watered, with a consequent burden upon the public. A possibility to be faced is that many stockholders, becoming uncertain as to the security of their present investments, might turn favorably toward a definite plan which seemed to offer better guarantees.

"Everyone realizes that it is a changed world that we live in today. But nothing reveals that fact more clearly than does the certainty that the proposition put forth by these organizations will be the dominating public issue of the immediate future. Never before was there a time when serious debate would have arisen over a proposal that the Government furnish \$20,000,000,000 of capital for the purchase of the railroads, in order that they might be turned over to the control of a class.

"The situation, which would be perturbing enough in any circumstances, is rendered more difficult by the fact that the administration is without a policy. Neither in Washington nor elsewhere is there any leadership capable of informing and organizing public opinion. The campaign of the railroad brotherhoods is that of a compact, disciplined army, operating on a definite plan, against an unorganized, leaderless populace. Unless the American people bring to bear upon the issue their united intelligence, the result of the unequal contest will hardly be in doubt."

The following from the *New York Sun* is not characteristic, though the *New York Times*, the *New York World*, and many other papers have not spared the adjectives

derived from contemporary Russian history. The *Sun* says:

"If Representative Sims' bill to settle the railroad question suggested nothing beyond an unadulterated provision for future government ownership on top of the present colossal failure of government operation we might feel that in the next ten centuries there never could be another such side-splitting national joke as his measure.

"Government operation for a little more than a year and a half—and under competent management at that—has made not merely a wreck of the finances of what was once the greatest and the most successful railway system in the world. It has made a wreck of the railway service. It has made a wreck of the railway morale. It has made a wreck of the very railway physical being.

"At a time when the American people are disgusted with government railroading, when the American people are objugating government railroading, when the American people are boiling against government railroading, when the American people are ready to storm Washington, if necessary, and tear government railroading, root and branch, out of their national institutions—at such a time the Sims proposal, if it were only for more government railroading, would be simply grotesque buffoonery.

"But coupled with the Sims provision for government ownership there is a further proposal radiating economic lunacy, mental irresponsibility and political incendiarism. This, in cold truth, is nothing more and nothing less than a crass Bolshevik railroad program of government ownership but Soviet committee management.

"Nobody need fear the execution of the Sims Soviet railroad program. Nobody need doubt that the already abused and outraged American people now sweating traffic rates and taxes to pay railway wages would pulverize any government, any party, any organization that tried to press this Soviet committee railroad program to action.

"But everybody may well grieve, everybody may be sick with shame, that at such a time as this, when the eyes of the world are turned to America for clear political light, for shining economic sanity and for sound business vision; when the eyes of the world are turned to America for honest, manly endeavor, for guiding moral example, brazen politics should spatter that Bolshevik blot upon the legislative branch of the United States Government."

The *New York Evening Post* pretends to answer the "increased efficiency" argument of labor by pointing to the fact that, "in-

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THE PEOPLE HEAR

Do the members of the Plumb Plan League realize what extraordinary publicity the Plumb Plan has achieved during the past week? You have heard of it, all right, through the local papers. Have you stopped to think that every paper, large and small, in the United States, has been carrying the same matter? Do you realize that the great metropolitan dailies have been giving the story headlines running across the front page, and have been presenting the Plumb Plan to their readers by the column and page? They didn't like it, but it was big news, and they had to carry it. Do you realize that every man, woman and child in the United States has heard of nothing but the Plumb Plan for the past week, that this news has pushed the Peace Treaty and the League of Nations off the map? Have you stopped to think how this news has gone abroad, throughout the world, what an unexpected manifestation it has been of American resourcefulness, how it has encouraged labor everywhere in its legitimate fight for economic democracy and shown the world that America possesses constructive statesmanship and boundless energy?

Then you have realized the responsibility that all this entails—responsibility to know what you believe in, to have your reasons for it, and to carry the fight through to the end.

Industry of the people, for the people and by the people—Abraham Lincoln would phrase it today.

The opposition has lost a week attacking provisions that are not in the Sims bill. But would the opposition ever help Labor bring the true facts before the people?

Before the House Interstate Commerce Committee yesterday, Warren S. Stone, Chief of the Brotherhood of Locomotive Engineers, referred to the brotherhood plan for taking over the operation of the railroads as "industrial democracy." With due respect to Mr. Stone, it is not industrial democracy at all. It is merely a new form of class industry in which the public provides the capital and the workers take the profits.—*The New York World*.

If editors could once learn to read, as well as write, such stupid errors in assertion might be avoided.

Here's another from Texas, Congressman Black. They seem to have several of them in Texas; Congressman Blanton hails from down that way. It must be something in the air. Says Congressman Black:

"The Plumb Plan is Socialism pure and simple. The brotherhoods may as well understand that if this country has government ownership—and God forbid that it does—it will not be the Soviet kind suggested by the Plumb Plan. The American people will not buy bonds and then turn them over to Warren S. Stone, W. G. Lee, L. E. Sheppard and Timothy Shea to be operated in the 'interest' of the public."

Read the bill, Congressman, and you'll see that no one wants the American people to do that. What we want is to stop railroad bonds being turned over to Pierpont Morgan, John D. Rockefeller, and the rest of the banking crowd, to be operated in the 'interest' of the public.

The committee will never agree to the plan, in the face of the evidence thus far submitted. The members feel that the people want the roads returned to private ownerships. But, unless something unforeseen develops and reasons unknown now are advanced to prove that the United States should take this plunge into Socialism, the Plumb Plan bill will remain in the committee.—*Congressman Rayburn, of Texas, Member of the House Interstate Commerce Committee*.

What, never, Congressman Rayburn? We can almost promise that those unforeseen things are going to develop. It may even be possible that you will learn the

difference between socialism and industrial democracy before the job is through.

When a man calls the Plumb Plan an experiment in Socialism, it's sure proof that he can't answer the argument. A man on the platform who begins to abuse his adversary has already lost his case, and the audience realizes it. There is not a shadow of Socialism about the Plumb Plan. Nobody but a fool would accuse the railway brotherhoods of advocating Socialism. Plenty of people, and plenty of newspapers, however, are making that accusation.

This is merely a confession that they haven't anything else to say. Watch out for them, and spike their gun. Ask them for a definition of Socialism. Ask them for a definition of the Plumb Plan. You'll find that they know nothing about either. They're merely parroting what the interests in one way or another have suggested to them to say.

The Press and the Plumb Plan

(Continued from page 3.)

creased wages under government operation have notably not accomplished" raising the standards of operation. It objects to the supposed threat in the first statement of the labor leaders and says:

"In view of the well-known and very wide divergence of opinion as to the economic wisdom and practical results of public versus private operation of the roads, this particular manner of introducing the argument for the unions is not altogether tactful. The attitude assumed will have to be judged in the light of the further fact that public opinion outside of the railway unions has expressed itself overwhelmingly against continuance of government operation. If this is admitted to be the situation, then the Brotherhood ultimatum would apparently come close to an ultimatum by a minority of the people, notifying the majority to change their opinions or take the consequences."

The *New York Globe* warns against a blind opposition of invective, and says:

"It is an ugly dilemma which railway labor offers to Congress and the country. In effect, the brotherhoods tell us to take our choice between a billion dollar increase in their wages and government ownership of the roads. While the workers' representatives politely say they will not strike

on behalf of the latter suggestion except as 'a last resort,' it is obvious that they are prepared to use their power to its utmost, and that they are much more interested in government ownership and division of profits than in the billion dollar wage increase. The latter, as they shrewdly observe, would merely mean increased freight and passenger rates, higher prices, and intensification of the problem of living costs.

"Few problems in this generation have demanded more serious or immediate attention than this one of labor's demand for government ownership, and it cannot be settled by shutting our eyes and indulging in prompt and unthinking abuse of the men who have presented it."

The *New York Mail* calls the plan out-and-out confiscation:

"Unless there has been within the past few months a law placed on the statute book providing for the confiscation of property, and no one believes such an enactment has been passed by the Congress, the Plumb proposal is going to have hard sledding even should labor be able to marshal enough votes to enact it into a law. The fundamental law of the land provides that no property can be taken by the Government except by due process. If the owner refuses to sell at the arbitrary price fixed, condemnation proceedings must be instituted; a commission is then named to make a valuation and award. Should the owner disagree with this price, the award can be attacked in the courts, and when it is considered that there are hundreds of thousands of stockholders, to say nothing of almost as many bondholders, unanimity of action between this vast body of security holders is an impossibility. They certainly would pit the 'law' against 'politics,' and the prospects would be, should the passage of such an act really occur, that the courts of the land would be cluttered up for five, ten or even twenty years, before the end would be even in sight. Not an alluring outlook."

The *New York Herald* is prone to admit its fright and rings the gong of patriotism in alarm. It says:

"It means a new political party or the capture of one of the old parties by the government ownership Socialists. Unfortunately the country has a President who makes his position in economic matters not quite clear by using and repeating his favorite phrase, 'the democratization of industry.'"

"The glaring fact remains that the nation is reaping the whirlwind and must trim sail and prepare for the storm. The only hope and refuge is the firm realiza-

tion that when the real test comes a large majority of the people, yes, and of the voters, are sound in their economic and business doctrine and sincere and honest in their activities. There is too much good sense in the great body of the American people to yield to wild experiments or to hopelessly bend to the whirlwind of temporary illusion. Political charges of personal timidity simply add to the confusion and danger. The situation demands nothing but courage to face the facts and strength to combat the storm that is already upon us. It is not a matter of politics but patriotism."

President Wilson is held personally responsible for the crisis by the *Philadelphia Press*, which says:

"The railroad men of the country are going entirely too fast and too far. If their increased wage demand stood alone, a Government which has yielded to every request on that line made before, might yield again, though it would mean an increase in the cost of living, and be an act of injustice to their fellow-workmen in every other walk of life.

"It is doubtless sad that the President's mind should be diverted from exclusive attention to the League of Nations by this disturbing domestic proposition. He has, however, sown the wind. Let him now direct his energies to subduing this whirlwind."

The *New York World* also finds the proposal bolshevistic. The plan, it says, is a straight-out adventure in Soviet economics. It continues:

"It contemplates collective ownership, but class operation and control, which is at the foundation of the Soviet system.

"Before any railroad plan can be worked out one highly essential fact must be established—namely, whether the sovereign power of the United States is vested in government and in the American people or whether it is vested in the railroad brotherhoods.

"The legislative branch of the United States Government long ago degenerated into a Congress of cowards. It may prove to be as subservient to the brotherhoods as it has been to the Anti-Saloon League; but if the American people can be kept forever choked into a state of submission by private organizations taking over the functions of government, the United States might as well apply for the appointment of a receiver first as last."

The *Detroit News* is not in a hurry to dismiss the plan, and says:

"It is a matter of general interest that such a proposal is made and without

prejudice the plan as proposed by Mr. Plumb should be accorded the scrutiny its sponsors ask. Out of it may come a solution which shall meet the needs of all the people by a proper coordination of all of the means of transportation in this country.

"For the severest criticism of the Plumb Plan is found in the fact that it is all railroad and primarily for the benefit of railroad operatives, and does not broadly consider and seek to solve the country's transportation problem as a whole."

And so the *New York Times* applies in malice the adjectives of hatred and pretends to see only strategy in the Plumb Plan. It says:

"It is plainly a venture into radical Socialism that the brotherhood chiefs propose; more than that, it is a very long step toward the principles of Lenine and Trotzky and of Soviet government. The plan is so violently at war with all human experience and human reason that the impression gains strength that the brotherhood chiefs, who are men of undoubted intelligence, do not for a moment believe that they are going to put it through. It is coming to be looked upon as a method they have devised for frightening Congress into granting their new demands for wage increase, which it is estimated would call for an appropriation by Congress of about \$800,000,000 of the taxpayers' money."

The *Times* also is making a deliberate attempt to split the labor forces by calling to Samuel Gompers. A pamphlet, it says, shows him to be honorary president of the Plumb Plan League, and it remarks:

"This is an occasion for no small wonderment. Does Mr. Gompers approve the Plumb Plan? Was he consulted in the preparation of the statement put forth by the chiefs of the railroad brotherhoods? The plan in what it immediately proposes and in what it hints at is Marxian Socialism; the statement of the brotherhood chiefs embodies the Marxian doctrines, almost phrases of Karl Marx's 'Communist Manifesto' and other writings. For many years Samuel Gompers has been sturdily combating the efforts of the Socialists to get control of the American Federation of Labor, to spread their doctrines among workingmen. He has fought the Socialists tooth and nail. He has denounced their doctrines as false, he has himself understood and has clearly pointed out the perils to labor involved in socialistic leadership, the certain disasters to which the acceptance of socialistic doctrines would lead. His acceptance of the brotherhood plan of 'democratic' operation of the railroads would, of course, prove that we were mis-

taken, that we had misjudged the firmness of the conviction he has so long held."

The *St. Louis Post-Dispatch* is not hostile to the plan, but objects to the manner of its presentation, and says:

"If we are to have government ownership of railroads, the Plumb Plan, presented to Congress by the railroad brotherhoods, backed by other labor organizations, is worth considering.

"It is modeled on the Cleveland street railroad system, with the difference that in the Cleveland plan the employes do not share in the management or the profits, except in the form of wages, and all the profits above fixed charges and operating expenses go to the public in the form of improved service and reduced fares.

"It is a modified form of Soviet control. The plan is not Bolshevik because it proposes purchase instead of confiscation. But what of the manner in which the railroad brotherhoods propose to put over the scheme? Will that be the manner of Bolshevism or democracy?

"The appeal for the plan is made in the name of democracy, but democracy does not proceed by ultimatums on the legislative body of the nation made by any class of citizens or a minority of the people holding special power to enforce its decrees. It proceeds by orderly processes of legitimate agitation and legislation. It proceeds through the rule of the majority of the whole body of the people and government by law, not ultimatums and violence."

The New Industrial Freedom

By WARREN S. STONE

(Statement before the House Committee on Interstate Commerce, August 6)

IN the industrial development of this country great organizations of capital first appeared as employers. Individual workers, following the example set by capital, organized as employes. Their purpose was to secure better working conditions and a larger measure of return for their labors. The full force of capitalistic organizations has been set against labor to hold and to keep all the profits of industry. The strength of the labor unions has been exerted to wrest from capital some share of the profits for the wage earners.

This has been a perpetual struggle by the workers to maintain a tolerable standard of existence; on the part of capital to amass greater profits. At times, both sides could ignore the needs of the public. But now the very growth of the labor organizations has brought into their ranks a great mass of the consumers. The large number of the wage earners now constitute a large percentage of the people. The extension of industry has changed the nature of the previous struggle.

For whatever the worker receives in wages he must spend for the necessities of life. In addition, he is always compelled to pay to the employer an excessive profit on his own wages. The cost of his living is determined by the sum he earns plus the profit he is charged on his own labor. And as a group, labor is forever

prevented from bettering its lot because of the profits exacted by the employer. The hope of a finer life is never realized. So long as consumers are forced to pay extortionate profits on their own earnings to a third interest there is no solution of the industrial problem.

We find that this third interest absolutely controls and dominates the management of industry. It fixes wages and controls working conditions. It fixes the prices of commodities without regard to the needs of society, or the necessities of producers and consumers. We have a democratic form of government, but an autocratic control of industry.

We exist under government, but by industry we live. Under such a system the majority of a democracy can, through their government, enjoy only such rights and privileges as an autocracy in industry permits them to receive. This country was peopled by a race who sought within its boundaries religious freedom. It was established by their descendants through revolution as a land of political freedom. We now demand that it become the home of industrial freedom.

This can only be accomplished by extending to industry the same right of individual freedom recognized by the founders of our Government in establishing this democracy. The need of mankind for the

products of industry must be accepted as the basic interest in all industry. The right of the worker who supplies that need demands like acceptance. This can only be achieved by permitting producers and consumers to share in control of the management of their means of existence. The machinery for attaining this result we believe is embodied in the plan outlined in the Sims bill.

Our belief in the efficacy of this plan is profound. We embrace this plan with all the ardor of those who sought political freedom. In this plan we raise the banner of democracy in control of industry, we advance to a new crusade with the faith of the Pilgrims, with the convictions of the framers of the constitution and with the hope of America for economic independence.

Labor's Compelling Power

By ARTHUR BRISBANE

(By Courtesy of *The Washington Times*)

THE people should have kept and owned their railroads. They hadn't the energy or their Government wouldn't let them.

Now millions of men that work on the railroads announce that they intend to put through government ownership, keeping for themselves a share in the profits and in the management. It look as though they might do it.

It is a plan to protect the public, the Government, labor, and legitimate property rights, while insuring efficiency.

The power of labor organization and numbers may prove strong enough to compel government ownership and defeat organization finance.

Stocks drop five and ten points at a time and there is a loud outcry at the suggestion that millions of men working the railroads should have something to say about them.

Prosperity is terrified at demands for increased pay aggregating eight hundred million dollars a year.

The Government lately has been spending more than eight hundred million dollars a year to rebuild and re-equip the

bankrupt railroads, and pay to private owners dividends not earned. Wall Street and private owners see nothing shocking in taxing the public to give money to men that sit and draw dividends. The shock comes when you suggest paying well men that do the actual railroad work.

Senator Cummins is sincerely and unselfishly agitated by the railroad men's demand that the roads be owned by the people, operated by the Government and the workers. Mr. Cummins sees in the railroad workers' plan a "purpose to obliterate the relation of employer and employe."

He said he doubted if civilization could survive the termination of this relation.

It may comfort Senator Cummins to recall that some very good men doubted if civilization could survive the termination of slavery. Even Aristotle, one of the five greatest intellects, declared slavery essential to civilization. He was wrong. The wage system took the place of slavery successfully, thanks to improved machinery.

The Government would first find out what the roads are really worth, what has been spent on them in good faith. It would pay that and no more. But it would not go out and borrow the money at 10 per cent. It would say to the private owners: "Here are nice 4 per cent government bonds, which constitute a first lien on the railroads. You will find these good security, as good as cash. If they are not good, nothing is, and you do not own the house you live in."

The railroad owners, if wise, would take the bonds gratefully, thankful to get government bonds for railroads, of which three-fourths are bankrupt under present labor and price conditions.

Ask the big owners of railroad stocks, Armour, Rockefeller or any other with intelligence, which they would prefer—a fair price in 4 per cent government bonds, or to have those roads handed back showing a deficit of more than a billion a year.

The *New York Times* need not worry about the ability of the people to finance government ownership of railroads, especially as there remains always on the people's side the power of eminent domain and of unlimited taxation, highly persuasive, as has been shown.